OUR HOMES, OUR FUTURE

HOW RENT CONTROL CAN BUILD STABLE, HEALTHY COMMUNITIES

RIGHT TO THE CITY

PolicyLink

THE CENTER FOR POPULAR DEMOCRACY

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About This Report

This report was produced by a collaboration between PolicyLink, the Center for Popular Democracy, and the Right To The City Alliance.

PolicyLink is a national research and action institute advancing racial and economic equity by Lifting Up What Works®. We work to ensure that all people in America are economically secure, live in healthy communities of opportunity, and benefit from a just society.
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Center for Popular Democracy works to create equity, opportunity and a dynamic democracy in partnership with high-impact base-building organizations, organizing alliances, and progressive unions. CPD strengthens our collective capacity to envision and win an innovative pro-worker, pro-immigrant, racial and economic justice agenda.
populardemocracy.org

The **Right To The City Alliance** (RTTC) seeks to 1) halt the displacement of low-income people, people of color, LGBTQ communities, and youth of color, and 2) protect and expand affordable housing in tandem with a broader movement to build democratic, just, and sustainable cities. RTTC and our flagship Homes For All campaign have been at the forefront of building grassroots tenant-led organizing power to win historic policy changes including rent control and community control of land & housing.
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DESIGN BY DESIGN ACTION COLLECTIVE

SUMMARY

Amid the worst renter crisis in a generation, it is time for policymakers to respond to the call for rent control to protect tenants from skyrocketing rents and displacement. Leveraging this powerful yet underutilized tool would have tremendous payoff: if the rent control and tenant protection policies being debated right now in states and localities become reality, 12.7 million renter households will be stabilized. If adopted by states nationwide, 42 million households could be stabilized.

Housing Justice for All, June 2018 New York State March for Universal Rent Control. Photo Credit: Ethan Fox

Rent control protects tenants from excessive rent increases by creating a schedule for reasonable and gradual rent increases, while ensuring that landlords receive a fair return on their investment. It is a smart, proven policy that can immediately stabilize prices, halt rent gouging, and reduce the risk of displacement and homelessness, while increasing housing security and affordability over the long term.

Why should policymakers and community leaders act now to implement rent control?

- **Rent control works—it increases housing stability and affordability for current tenants.** Tenants living in rent-controlled units move less frequently, are less likely to experience destabilizing forced moves, and pay substantially less than tenants in non-regulated units of similar size and quality.
- **Rent control is unrivaled in speed and scale.** Rent control is the only policy tool that can immediately provide relief to renters facing unaffordable rent increases. Because rent control covers private rental housing where the vast majority of renters live, it outperforms all other affordable housing tools in terms of scale of impact. In cities with rent control, it is often the largest source of affordable housing.
- **Rent control is cost-effective.** While rent control requires a government apparatus to implement, the costs for operating rent control programs can be covered by modest fees and can even be cost-neutral.

- **Rent control protects low-income households.** Like all consumer protections, rent control applies to renters of all incomes. But rent control disproportionately benefits low-income tenants, seniors, people of color, women-headed households, persons living with disability and chronic illness, families with children, and others who have the least choice in the rental market and are most susceptible to rent gouging, harassment, eviction, and displacement.

The stability and affordability provided by rent control would have cascading benefits for communities and our broader society. Renters would be more financially secure, with more disposable income to spend on other household needs and in the local economy. They would be healthier, since housing stability and affordability contribute to mental and physical health. Children would do better in school, since frequent moves disrupt education. And our democracy would be fortified, since stability increases civic and political participation.

While no one policy can solve the renter crisis, rent control offers meaningful, immediate, and widespread relief for tenants facing unsustainable—and sometimes unconscionable—rent increases. This is why it is a cornerstone of the housing justice and tenant rights movement and an essential element of a comprehensive approach to address our affordability challenge.

Policymakers and community leaders should take swift action to bring rent control to many more tenants and communities by strengthening rent control in the states where it exists, establishing rent control in more states, and supporting tenant organizing in every community. With renting up nationwide, action is all the more urgent. Renters need stability to thrive, and when renters thrive, communities thrive.

"WE NEED STRONGER RENT CONTROL TO LIVE OUR BEST LIVES."

"The only reason I've been able to provide for myself, honestly, is because of the fact that I've been able to hold down an apartment that is rent-controlled," says Jacqueline Luther, a former foster care youth who lives in Los Angeles.[1] "Living in this unit, I've been able to successfully complete my undergraduate degree. To find full-time work at two different nonprofits, that I can still easily access with public transportation. To finish my master's degree in therapy, working full-time and attending school full-time. And it's all because I have security, to know my rent won't be raised beyond a certain amount each year. It frees me up mentally, to be able to focus on what I want to focus on in my life, and take it to the next level."

Luther had few financial resources when she aged out of transitional housing during college. She found her rent-stabilized unit by fluke. It gave her an affordable option at a public transit hub, where market-rate rents are high, allowing her to take a bus to her job across town. Without access to transit, as a non-traditional student, she believes she could not even have begun her graduate program.

Only about half of Los Angeles's rentals are stabilized, and Luther's siblings were "not as lucky" to find such housing. Her sister became homeless, after facing a $600 rent increase, and has suffered debilitating mental health challenges as a result; three years later, she hasn't recovered and still couch surfs. Luther herself manages post-traumatic stress disorder (PTSD) from abuse as a teenager, and believes that having a rent-stabilized apartment has supported her own health: "I'm pretty sure I would have fallen into a similar cycle as my sister."

Luther wants to see rent control benefit all communities: "When you don't have to worry about this large rent increase coming, then you can take care of your health issues. You can get gainful employment, and contribute to your community as a whole. In the long run, it just helps everyone within that community to be able to thrive, because they have *stability*."

KEY TERMS

RENT REGULATIONS: A general term for policies that aim to make private rental housing affordable and accessible for tenants, whether by limiting rent increases, setting maximum rents, establishing rules for determining fair rents, and/or subsidizing lower rents or smaller rent increases.

RENT CONTROL: Rent regulations that limit rent increases in private rental housing, usually by creating a predictable schedule for the maximum percentage of rent increase that is allowed each year. In this report, we use rent control as an umbrella term that includes rent stabilization, though note that rent stabilization generally refers to rent regulations that limit rent increases within, but not between tenancies (i.e., have vacancy decontrol).

RENT FREEZE: Rent freezes prohibit rent increases and/or strictly set maximum rents. More recently, "rent freeze" has also referred to policies that set a small but allowable percentage rate of rent increase, such as 1 to 3 percent, as a temporary, emergency measure.

VACANCY DECONTROL, BONUSES, OR ALLOWANCES: Policies that allow landlords of rent-regulated apartments to raise rents between tenancies, either to market-rate (vacancy decontrol) or a higher percentage than is normally permitted (vacancy bonus or allowance). Vacancy control limits rent increases between tenancies.[20]

JUST CAUSE (OR "GOOD CAUSE") EVICTION LAWS: Tenant protection designed to prevent arbitrary, retaliatory, or discriminatory evictions by establishing that landlords can only evict renters for "just cause" such as non-payment of rent, breach of lease, illegal activity, nuisance, plans for immediate owner-occupancy, and demolition plans by the landlord.

CODE ENFORCEMENT: Programs that uphold standards for safe and healthy housing, carry out inspections, and provide processes to ensure these standards. Enforcement mechanisms can be designed to minimize the displacement of vulnerable tenants, for instance, by working in tandem with rent control.

FORCED MOVE: When a tenant leaves a unit in which they would like to stay because of increased rent, decreased habitability, eviction, harassment, and/or other means landlords might use to force a vacancy.

UNIVERSAL RENT CONTROL: Rent control that seeks to cover as much rental housing as possible and without loopholes such as vacancy and luxury decontrol, based on the principle that every tenant should be covered by basic protections against rent hikes, displacement, and eviction.

TODAY'S RENTER CRISIS

"I try to think, as long as I just pay the rent, everything else will kind of work out. But my daughter notices if I miss a meal, because I don't want them to miss one. My electric bill is $1,000 now. I keep calling them to buy time. And I'm a 'luckier' person who has a full-time job. I get really upset with myself because, I want so much more for my kids than this month-to-month life."

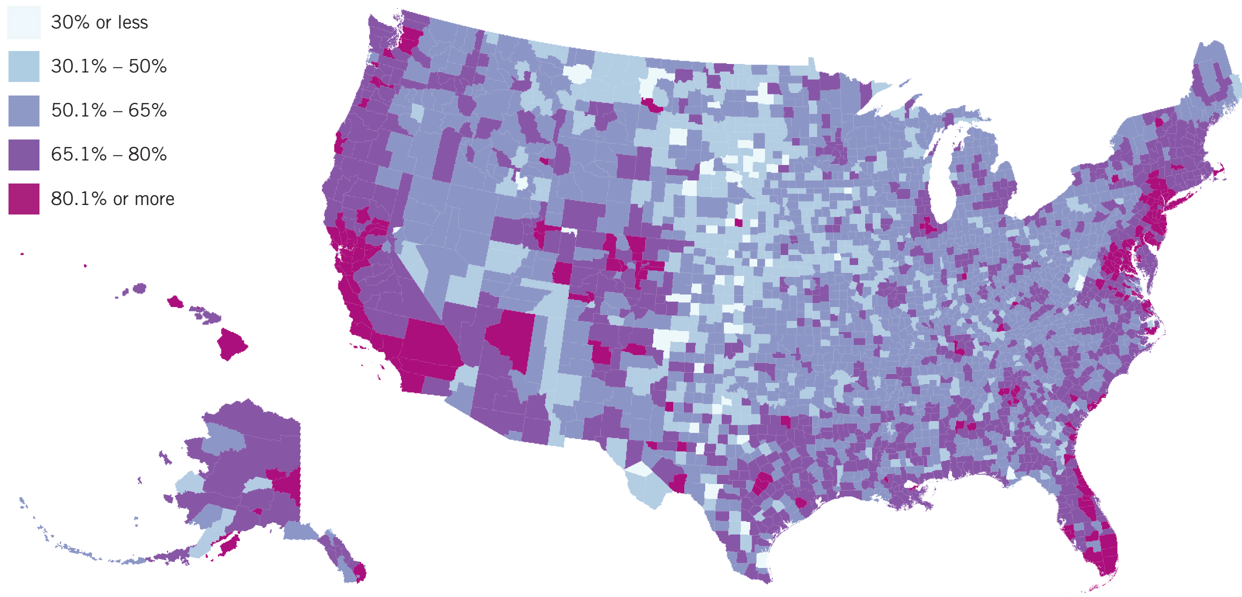
–Coya Crespin, Portland, Oregon

Causa Justa :: Just Cause and Homes for All members march in Oakland, CA. Photo Credit: Rose Arrieta

Just over a decade after the foreclosure crisis turned millions of homeowners into renters and decimated wealth, a new crisis of renter instability and unaffordability has emerged. Eight in 10 low-income renter households, and nearly half of all renters, are paying unaffordable rent—spanning urban, suburban, and rural areas in every state (see map, page 12). Whole apartment complexes full of low-income renters, often families of color with children, are being served notices of eviction or exorbitant rent increases—often by new, out-of-town investor owners. Serial displacement is endemic, particularly for Black communities and women of color with children, and renters are being displaced to outlying areas far from jobs, transit, and health care, giving rise to new forms of regional segregation.[25] Black populations have declined in fast-gentrifying cities from Portland to Atlanta.[26] Homelessness is ticking up nationally—and it is rising fastest in high-cost areas with rising rents.[27] The pain has spread further up the income spectrum as well, with moderate-income renters increasingly burdened.

How did we get here? The private rental market has never met the needs of low-income renters and government subsidies have always been insufficient, but a confluence of factors has widened the gap. Over decades, rents have been rising as wages have stagnated. Since 2001, the market has increasingly produced luxury apartments rather than affordable rentals, while federal subsidies for affordable housing have shrunk and the stock of existing affordable homes continues to decline. All of this has led to a serious affordability crisis for low-income renters: today there are only 35 affordable rentals available for every 100 extremely low-income renter households.[28] In addition, changes in our economy and financial system have increased speculative activity in the rental market, fueling rent increases, evictions, and displacement.

A Nationwide Rental Affordability and Stability Crisis



Share of renter households earning <$50,000/year that are rent-burdened (paying more than 30% of income on housing costs).

Source: 2017 5-year American Community Survey.

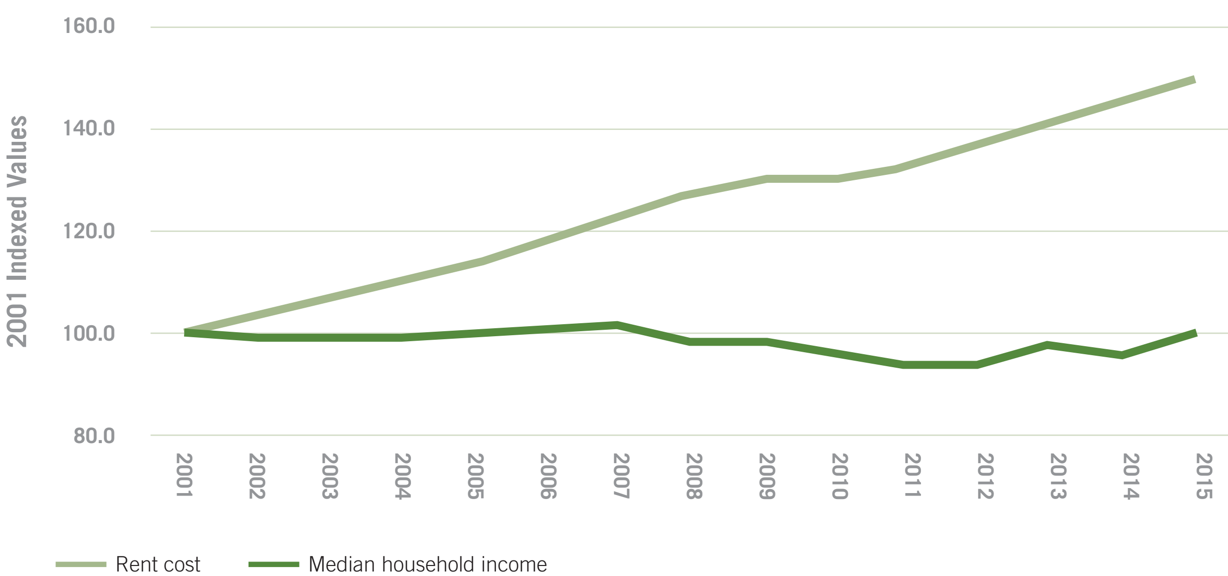
Throughout the country—across, cities, suburbs, and rural areas—renters are being squeezed by rising rents and stagnant or declining incomes. Nearly twenty million renter households pay too much for housing and about 10 million pay more than half their income on rent. The vast majority of renters paying unaffordable rent are low-income (78 percent).*

- **Low-income renters:** Among low-income renter households, eight of every 10 are rent-burdened, and half are severely burdened (paying more than half their income on housing costs). The plurality of low-income, cost-burdened renters are White (47 percent), while 23 percent are Black, 23 percent are Latinx, 4 percent are Asian or Pacific Islander, 1 percent are Native American, and 2 percent are multiracial.
- **People of color:** The majority of Black, Latinx, and Pacific Islander households, and many other Asian subgroups (e.g. Hmong and Korean), are renters, while 71 percent of White households own their homes. Six in 10 Black and Latinx renter households are burdened, compared with five in 10 of their White counterparts. Across race and gender groups, women of color face the largest affordability challenges (61 percent are rent-burdened).[29]
- **Families with children:** Four in 10 households with children are renters, and about half of them (7 million households) are rent-burdened (49 percent).
- **Seniors:** Seniors represent the largest growth in renters, and half of senior renters are rent-burdened, up from 43 percent in 2001.[30]
- **Large cities:** The majority of renters living in the largest 100 cities (53 percent) are rent-burdened.
- **Rural communities:** Although rural residents are less likely to rent, many rural renters live in substandard housing and face affordability challenges: 2.4 million households living in rural America are rent-burdened.[31]

* Low-income is defined as those living at or below 200 percent of the federal poverty line: $24,000 for a single person or $50,200 for a family of four. Unless otherwise noted, data presented here are from PolicyLink analysis of data from the 2015 and 2016 5-year American Community Survey.

Lift the Ban Coalition Rally in Chicago. Photo Credit: Diego Morales

Rent Increases Outpaced Income Growth Since 2001: Changes in Rent and Household Income, 2001–15



Note: Rent and income are inflation-adjusted to 2015 dollars using the consumer price index for all urban consumers. Rent costs and income values are indexed to 2001.

Source: The Pew Charitable Trusts analysis of data from the Federal Reserve Bank of St. Louis.

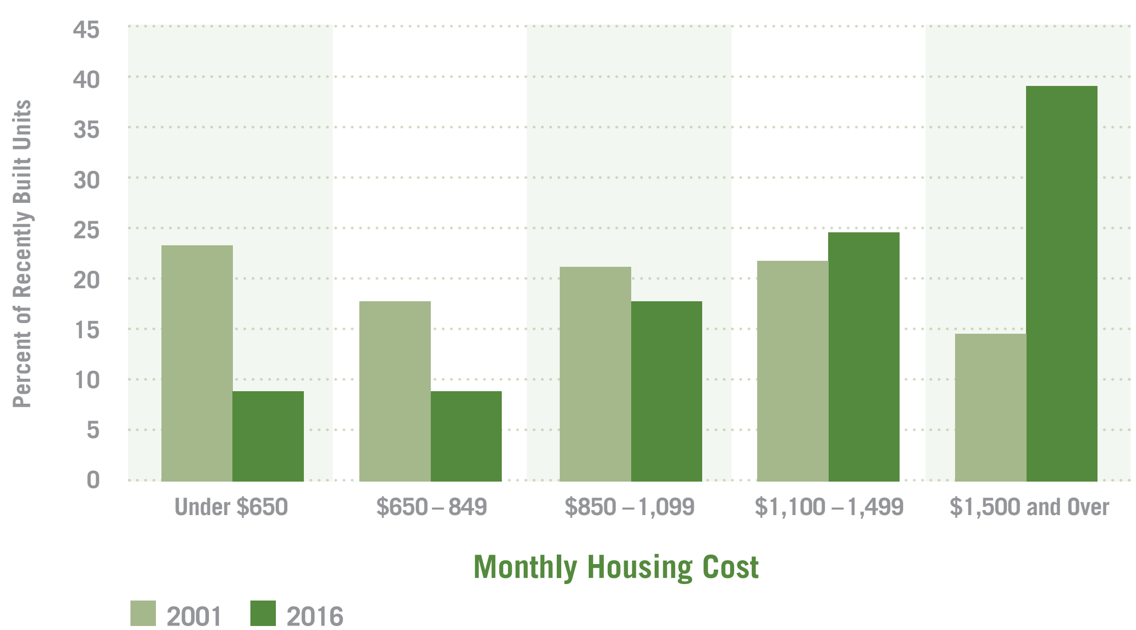
Some of the key trends driving the crisis include:

Rent increases have far outpaced income growth. Between 2001 and 2015, median rents increased 50 percent, yet incomes have remained flat—and have declined for lower income renters. In places where minimum wages have increased, rents have outpaced wage growth. For the lowest-income renters, the amount of money left over for other expenses after paying for rent and utilities decreased 19 percent between 2001 and 2016.[32] Renters also have little savings to fall back on in the case of emergencies: the median savings for cost-burdened renters is just $10.[33]

New development is not targeted to low-income renters. Today, new development is producing far fewer affordable rentals than in 2001, despite increased need, and is far more concentrated at the upper end. In 2016, only 19 percent of new rental units rented for less than $850 per month (down from 42 percent in 2001), while 40 percent of newly built units rented for $1,500 or more.[34] In theory, market-rate construction will "trickle down" to become affordable to moderate and low-income renters over time. But that takes decades for that process (what housing scholars call "filtering") to occur, if ever.[35] In the short term, new luxury developments in low-income neighborhoods often cause rents to *rise.*[36] And, as a vivid illustration of how badly the market is broken, many luxury units are sitting vacant despite record low vacancy rates for affordable apartments.[37]

Declining federal support for low-income renters. The private market does not produce housing that is affordable for very low-income renters—government subsidies are required to fill this gap. Yet our federal government spends four times the amount of subsidies on homeowners (predominantly for wealthy and upper middle-class households) as it does on renters, and the share of renters who do receive support is decreasing.[38] Today, only one in five of the

Additions to the Rental Stock Are Increasingly Higher End: Share of Recently Built Units (Percent)

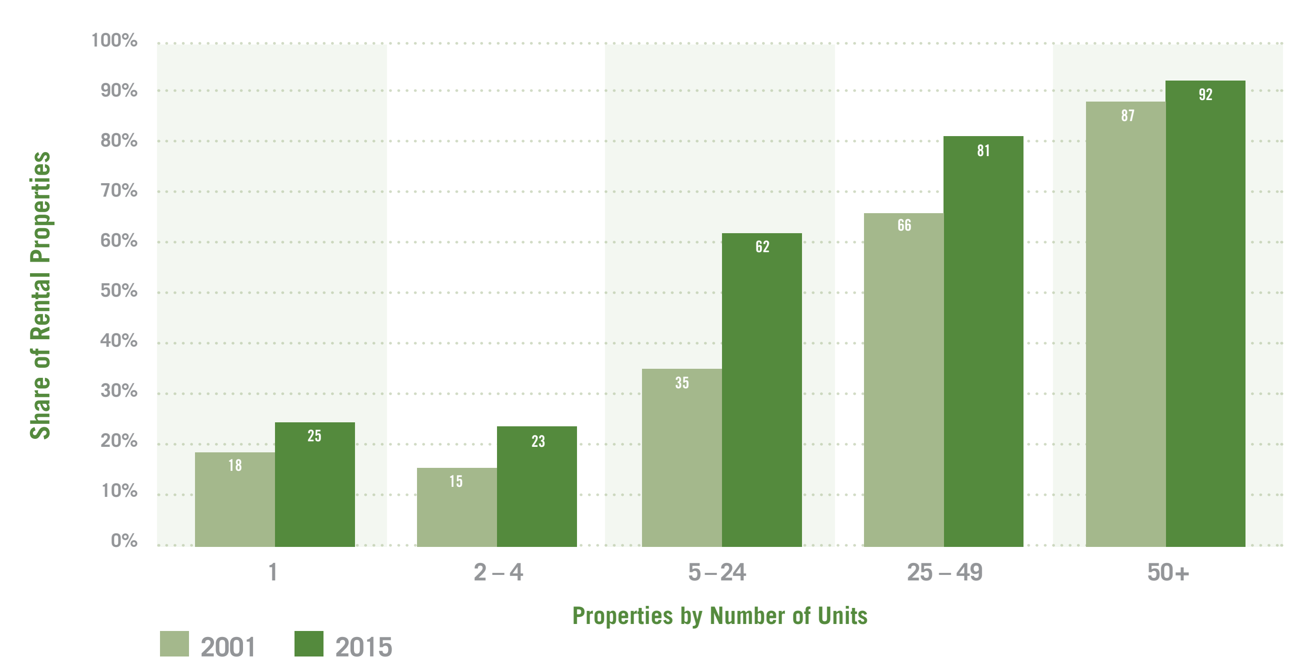


Notes: Recently built units in 2001 (2016) were built 1999-2001 (2014-2016). Monthly housing costs include rent and utilities and have been adjusted to 2016 dollars using the CPI-U All items less shelter. Rental units exclude vacant units and units where no cash rent is paid.

Source: Harvard Joint Center for Housing Studies analysis of data from the 2001 and 2016 American Community Survey.

All of these factors have driven us into the current crisis. Today's rapid rent increases, eviction, and displacement fueled by speculation in the rental market, along with historically low availability of affordable rentals in many communities, signal a housing emergency. While increasing affordable housing production is necessary, it is insufficient. Tenants need protection now—and they are asking for the policy solution that can provide immediate protection from these devastating forces: rent control.

Increased Speculation in Housing Market: Institutional Investor Share of Rental Properties



Source: Harvard Joint Center for Housing Studies analysis of housing finance data from the U.S. Census Bureau.

Rally at Oregon State Capitol in April 2017. Photo Credit: Taro Bagnon

CONCLUSION

Across the nation, renters are rising up and calling for rent control as an urgent solution to alleviate the housing crisis—and it is time for policymakers to heed their call to action.

Lift the Ban Coalition demonstration at the offices of Pangea Properties in Chicago. Photo Credit: Diego Morales

For decades, policymakers have invested in the stability and prosperity of homeowners while leaving the vast majority of renters on their own. But our collective future depends on the health, wealth, and well-being of renters too. As Justice Oliver Wendell Holmes wrote in a Supreme Court decision, "Housing is a necessary of life. All the elements of a public interest justifying some degree of public control are present."

Implementing rent control on a widespread basis is not a panacea, but it is a critical and meaningful step forward. Rent regulations will curb the growing power imbalance between landlords and tenants that is causing harm and immediately halt the pain, stabilize renters, and set us on a new path toward greater housing security and housing justice.

The stakes are enormous, and so is the upside: right now, 12.7 million renter households stand to benefit if policymakers say "yes" to rent control in the places where new policies are being debated. Rent control is the right choice in the face of our renter emergency. And it is the smart choice: when renters thrive, their families, communities, and local economies thrive.